

October 15,2006

Utah Division of Public Utilities  
Box 146751  
Salt Lake City, UT 84114-6751

Subject: Manipulation of Ratepayers & Employees by PacifiCorp and MidAmerican Energy Holdings Company

Dear Commissioners:

You and the other public service commissions are being played for fools. PacifiCorp's new owner, MidAmerican Energy Holdings Company (MEHC), is manipulating employee salary, benefits, and jobs to increase profits; while continuing to ask for rate increases. I would like to point out several areas of concern that I believe warrant investigation:

- \* Bad faith negotiations with the Utah Local 57 Union
- \* Manipulative reduction of workforce
- \* Reduction of employee salaries and benefits
- \* Selling of facilities and reduction of community programs to raise quick cash profit

### **MEHC's bad faith negotiations with the Utah Local 57 Union**

In recent negotiations with Local 57 MEHC has refused to negotiate from the lowest offer ever given to the Union. Those in charge at PacifiCorp of coming to a contract with have had their hands effectively tied. They have been told to continue sending back the same contract until the union approves it. This could very well lead to a strike. With the 21 day requirement for the Union to notify PacifiCorp of a strike, this could mean that power plants, linemen, and call centers could all be unmanned during the cold months of November and December. This could be disastrous for not only the people of Utah, but the entire power grid which benefits from the many coal and gas fired plants within Utah. Steps must be taken to assure the union employees of PacifiCorp are given a fair contract, and service maintained.

## **MEHC has reduced workforce but failed to change rates to match**

In order to increase the rate of return for the company, MEHC has been laying off hundreds of non-union employees across the company. These salaries and benefits are still being reported as expenses, and have not been offset by rate decreases. MEHC's hope is to quietly reduce the non-represented workforce so this recovered expense can be used to increase company profitability. However, per the regulatory compact, reduced expenses should be passed onto ratepayers not the company. To protect themselves, MEHC has required all those employees who have been laid off to sign a statement not to disclose or speak negatively of the company. Those who do so can lose their entire severance package. MEHC has done this to hide what is going on from the public and the Commissions.

## **MEHC has reduced non-represented employees benefits and salary**

In order to help increase profitability of MEHC, non-represented employees have been targeted for unfair and unreasonable reductions in benefits and salary. Under the guise of bringing employees into line with the "target market rate" for salary and benefits, merit increases have been significantly reduced, cost of benefits has been increased, and bonus incentive plans are being reconstructed to significantly reduce total salary an employee can make. Again, this is being done in almost complete secrecy from anyone outside of the company with the goal being to add money to the bottom line at employee expense. When MEHC was selling the PacifiCorp sale transaction the public and employees were assured that few if any jobs would be impacted. To date, over 10% of the organization has been displaced. This is while a potential workforce shortage looms within the next 10 years, when over 1/3 of the company's employees will be retired. This move is one to add quick profits to the bottom line, unjustly at employee and ratepayer expense.

## **MEHC is selling key facilities & cutting community benefits for quick profit**

PacifiCorp entered into long term lease agreements with Salt Lake Community College and Clackamas Community College to build and maintain training centers. These centers are used in conjunction with the college to help increase their facilities, while providing well equipped training areas for employees. The benefits to these state-owned colleges are self evident. The benefit to the employees is significant as they can be trained safely in a place as close to real life as possible. Now in order to raise quick cash, MEHC is looking for ways to break the contracts with these two colleges and selling the facilities. Additionally, the community learning programs sponsored by PacifiCorp for years are being discontinued. This program allows unemployed residents of PacifiCorp's six state service area to take online classes that range from Computer skills (Word, Excel, C++, etc.) to Interpersonal skills (business writing, presenting, negotiation). Many of the Job Services programs in the state rely heavily on this no cost program to help people prepare themselves for better jobs. To

reduce costs, these programs are to be discontinued, and again go unreported to ratepayers.

As an employee of PacifiCorp, I do not feel safe revealing my name for fear of retaliation. I would strongly urge you to take this information and, in conjunction with the other state public utility commissions, act on it. Find out how MEHC is destroying the great, community-focused, employee friendly company PacifiCorp once was, and replacing it with a profit-focused, low morale company that it has become.

Best regards,

A Concerned Employee of PacifiCorp

Cc:

Wyoming Public Service Commission  
Idaho Public Utility Commission  
Public Utility Commission of Oregon  
Washington Utilities and Transportation Commission  
California Public Utilities Commission  
Wyoming Tribune-Eagle  
Salt Lake Tribune  
The Oregonian  
The Columbian